Capital Region Development Commission Inc.

618 Queen Street Fredericton, New Brunswick
Canada E3B 1C2 (506) 458-8981

Chipman Fredericton Fredericton Junction Gagetown Harvey Station
McAdam Millville Minto Nackawic Oromocto Stanley

1986-87

ANNUAL REPORT

year ending March 31st 1987

Linking Business, Government and Finance

ISSN 0826-3647

This Annual Report

Is Dedicated To The

Memory Of

LLOYD A. WATLING

Who served this Commission for many years.

Lloyd was a strong believer in and supporter of the regional approach to economic development.

TABLE OF CONTENTS

1. List of Officers and Directors - 1986-87 3
2. Report of the Board of Directors 5
3. General Manager's Report 8
4. Auditor's Report 33
5. Balance Sheet 34
6. Statement of Equity 35
7. Statement of Income 36
8. Notes to Financial Statements 37
9. Comparison of Income and Expenses to Budget .. 38

BOARD OF DIRECTORS
JUNE THROUGH SEPTEMBER 1986

CHIPMAN

Mayor Bill Davidson
Murray Doherty

FREDERICTON

Mayor Brad Woodside
Councillor A. Wayne Lockhart
Councillor William E. Cooper
William J. Matthews
Barrie Tomilson

FREDERICTON JUNCTION

Mayor Kenneth Peterson

GAGETOWN

Mayor Vaughn Blaney

HARVEY

Mayor Arthur Smith

McADAM

Mayor Ralph Annis
Vaughan McCluskey

MILLVILLE

Councillor George LeBlanc

MINTO

Councillor Peter Miller
Shaun Gallagher

NACKAWIC

Mayor Steven Hawkes
James Blair

OROMOCTO

Mayor William Duffie
William McGregor
Lloyd Watling

STANLEY

Councillor Earle MacNaughton

OFFICERS

President	Lloyd A. Watling
Vice-President	Barrie Tomilson
Vice-President	William McGregor
Vice-President	Vaughan McCluskey
Past-President	Murray Doherty
Secretary-Treasurer	Stanley R. Price

STAFF

General Manager	Stanley R. Price
Assistant General Manager	Linda M. Furlought
Secretary	Wilma L. Sproull
(September/86)	Heather J. Martin

BOARD OF DIRECTORS
OCTOBER/86 THROUGH MARCH/87

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STAFF

General Manager	Stanley R. Price
Assistant General Manager	Linda M. Furlought
Secretary	Heather J. Martin

REPORT OF THE BOARD OF DIRECTORS

I am pleased to present the 12th annual report of the Commission and my first as President.

Lloyd Watling was elected President during this fiscal year but passed away in October, and I was elected to serve the balance of the term. I, along with the Board, truly miss this talented and energetic man. He was a great inspiration to all who served with him, and I would like to dedicate this annual report to Lloyd.

Our second loss to the Board of Directors was the resignation of Bill McGregor. Bill has been appointed as Executive Manager and Chief Operations Officer of the Canadian Institute of Industrial Technology in Winnipeg. Bill will be missed on the Board and Executive Committee, but I know he will enjoy this challenge and we wish him every success.

There were other changes in the Board this year. On behalf of the Directors and Staff, I thank Frank Wuhr, Elbridge Wilkins, Gerald Ward, Mayor Stanley Graham, Paul Rollins, Jack Carson, Clair Ripley, John Robison and Past President John MacGillivray for their contributions over the past few years. We welcome the members who have replaced them, Mayor Bill Davidson, Mayor Brad Woodside, Councillors Bill Cooper

and Wayne Lockhart, Vaughan McCluskey, Councillor George LeBlanc, Councillor Peter Miller, Mayor William Duffie, Jim Fisher and Councillor Earle MacNaughton.

The operating budget for the fiscal year 1986/87 was submitted and approved by our participating municipalities. This year we were able to request additional funding from the Department of Commerce and Technology most of which was earmarked for Promotion and Advertising.

This has been a short term for us, starting at the Annual Meeting last September, but the Staff, Executive Committee and Board were very busy and successful in promoting the Capital Region.

Again this year, the Commission will be presenting Business Achievement Awards. At our Annual Dinner Meeting in September, 1986 we presented Business Achievement Awards to L & A Machine Works Ltd. and Minto Machine & Welding Ltd. It was very interesting to view the products and listen to the success stories of these award recipients, and a great inspiration to present and future entrepreneurs.

There have been a large number of new jobs created in our region in the past year as outlined in the General Manager's Report.

The Staff, Stan, Linda and Heather have been kept very busy this past year and I would like on behalf of the Board to thank them for a job well done. Last fall, our Secretary, Wilma Sproull resigned to go into her own business. We wish her well.

Mr. Bill Buck, President of Inducon Consultants of Canada Limited of Toronto, visited the Industrial Parks in our region. He has now submitted his findings and made recommendations on how to improve our Parks with regard to marketing, planning, etc. We will be using this information in our long-range planning for industrial development.

I look forward to a challenging year in my 1987-88 term of office. I know with hard work and perseverance we will again reach and surpass our objectives in the Capital Region.

To the Directors and Staff of the Commission, my sincere thanks for your support and understanding during the past year.

Respectfully submitted,

Murray Doherty
President
April, 1987

GENERAL MANAGER'S REPORT

GENERAL

I am pleased to report that the economic activity in the Capital Region during 1986-87 has been excellent. The goals set by the Board of Directors in 1984 under the five-year Strategy Plan have been exceeded.

During the past three years, 42 new industries in the economic base were established, creating approximately 382 new jobs. Our approved objectives for the period were 21 new firms and 315 jobs. Although no goals were set for economic base firms expanding, it is important to note that 49 of these companies did expand within the Region during these years, creating an additional 300 new jobs. Also, during the past year, 13 industries not in the economic base expanded their operations, adding 26 more permanent staff.

The Capital Region Development Commission has never claimed that it creates jobs, because it does not! What we do is to provide information about government assistance programs; assist clients in locating suitable land or buildings to purchase or lease; help them in preparing applications for financial assistance; try to

locate private investors if so required; provide data on existing companies in the province or throughout Canada in the particular sector; and to refer persons to governmental offices or to other agencies which might be able to provide answers to their queries. In other words, we do whatever we can to assist our clients in establishing or expanding their businesses.

We also do our best to keep up-to-date with literature, reports, magazines, legislative changes, etc. which relate to economic development throughout the province and Canada. For example, we get information from the United States, West Germany, France, Great Britain, etc. on new products and processes which are available to New Brunswick companies through joint ventures or franchises for manufacture or distribution. We forward this information to firms in the Capital Region who may be interested in the particular products.

Several times during the year our office gets information about upcoming special meetings, conferences or seminars which relate to specific business sectors. We send these data to companies which might improve their operations by attending the functions.

These are a few of the numerous ways in which our Commission is able to help the new entrepreneur or the person who has been in business for many years. I thought that it might be useful to outline some of these points for everyone's information.

Again this year, the Commission office received more inquiries than in any of the two previous years relating to possible new projects or from persons interested in expanding their existing businesses. Table 1 shows comparisons over the three years.

Table 1 - New Inquiries

Item	1986-87	1985-86	1984-85
Consulting and Information	85	60	39
Industrial - New	140	110	90
- Expansion	40	70	62
Commercial - New	60	41	41
- Expansion	15	8	6
TOTALS	340	289	238.

SMALL INDUSTRY FINANCIAL ASSISTANCE PROGRAM (S.I.F.A.P.)

This program of assisting small industries by the provincial Department of Commerce and Technology has been very successful since it was instituted in 1981-82. In discussing the elements of the program with

economic development people from other provinces, it is considered to be the best program in Canada for assisting small companies. A grant of 50% of eligible costs is available for new firms and 30% for existing manufacturing or processing industries. The eligible costs, including buildings, machinery and equipment, cannot exceed $150,000. Table 2 shows details of the approved projects, jobs created, and grants approved since 1981-82 in the Capital Region.

Table 2 - S.I.F.A.P. Projects

Year	Approved Projects	Jobs Created	Grants Approved
1986-87	36	116	$819,205
1985-86	33	114	808,960
1984-85	36	143	785,337
1983-84	16	97	381,200
1982-83	15	93	502,300
1981-82	12	57	176,300.

Companies in our Region which obtained S.I.F.A.P. grants during our fiscal year between April 1, 1986 and March 31, 1987 are shown in the following list. Not itemized are three projects which have been approved but no funds advanced as yet. Two are from Fredericton and one is from Nackawic. Also, in the 36 projects approved are 11 in which offers have been made by the Department but

have not been accepted as yet. Most of these were only approved late in March, 1987. Ten of these firms are from Fredericton and one is from Chipman. The asterisk next to the name of the industry indicates that it used the services of the Commission. Several others have been involved with our office in previous applications but now are familiar with the process and apply directly to the Department.

* Aries Optical Ltd.	Fredericton
* Atlantic Media Works Ltd.	Fredericton
* Brunswood Manufacturing Ltd.	Fredericton
* Cafe Croissant	Fredericton
* Central Auto Parts Ltd.	Fredericton
Frobisher Industries Limited	Young's Cove
* G & G Enterprises	Fredericton
Hamilton, D. N. Ltd.	Fredericton
* Howell Ventures Ltd.	Fredericton
* MacDonald Builders & Suppliers (1976) Ltd.	Fredericton
* May Day Printing	Fredericton
* Nashwaak Hardwood Products	Fredericton
* Phoenix Wood Products Inc.	Nackawic
Printing Place (Div. of Super Printer Ltd.)	Fredericton
* Pro-Tarc Ltd.	Fredericton
Shades of Light Ltd.	Fredericton
* Silver Acres Fox Ranch	Nackawic
Universal Systems Ltd.	Fredericton
Valley Graphics Ltd.	Fredericton
* Valley Machine Works Ltd.	Nackawic
White, S. M. (Woodworking) Ltd.	Fredericton
* The Wooden Touch	Fredericton.

INDUSTRIAL RESEARCH ASSISTANCE PROGRAM

These IRAP grants are provided by the National Research Council through the Research and Productivity Council to

industrial firms for projects involving research and development work for new and innovative products and processes.

During 1986-87, 24 companies in the Capital Region received grants under this program in the total amount of $161,000. This was over 16% of the total grants provided to New Brunswick firms from the National Research Council. The following list shows the companies which benefitted from this excellent research program.

Agrofor Biotechnology Ltd.	Fredericton
Atlantic Pressure Treating Ltd.	Fredericton Jct.
B.A.R. Micro Manufacturers	Fredericton
Black's Ltd.	Fredericton
Canray Inc.	Oromocto
Chantelle Sports Wear Inc.	Harvey
Corey Feed Mills	Fredericton
E. and A. Industries Ltd.	Queen's County
East Dive Ltd.	Fredericton
Granny Lakes Limited	Fredericton
Kileel Foods Ltd.	Fredericton
L & A Machine Works Ltd.	Lincoln
Mrs. Dunster's Donuts Ltd.	Fredericton
Tara Manufacturing Ltd.	McAdam
Ted Grey Signs Ltd.	Fredericton
Tem-Con Limited	Oromocto
Tri-Foss Enterprises Ltd.	Oromocto
Valley Graphics Ltd.	Fredericton
Whirlteq Limited	Fredericton
BioComp Instruments Inc.	Fredericton
Mynic Inc.	Oromocto
Process Technology Ltd.	Oromocto
Universal Systems Ltd.	Fredericton
Valley Forest Products Ltd.	Nackawic.

NEW BRUNSWICK DEPARTMENT OF LABOUR

The Employment Development Branch of the provincial Department of Labour once again sponsored the following financial assistance programs - Jobs in Business, Career Start and the Student Venture Capital Support Program. Also, in conjunction with the provincial Department of Tourism, Recreation and Heritage, it offered the Tourist Development Program. For the 1986-87 fiscal year funds were provided to create the following jobs in the Capital Region:

County	Jobs In Business	Career Start	Student Venture	Tourism Development
Queens	30	0	1	14
Sunbury	30	4	1	2
York	88	8	10	26
TOTALS	148	12	12	42.

SUB AGREEMENT ON TOURISM DEVELOPMENT

The $32,000,000 Federal/Provincial Sub Agreement on Tourism Development was signed in 1985 and numerous projects have been approved throughout the province during the past two years. Financial assistance has been provided to the private and public sectors to undertake feasibility studies, build tourism facilities and help to market the tourism projects throughout Canada and the United States.

During the 1986-87 fiscal year in the Capital Region, several projects received funding provided under this Sub Agreement. Two feasibility studies were done by consultants for $31,000. Seven projects received a total of $425,000 towards the construction of new or expanded tourist accommodations and facilities. Six firms were given a total of $15,000 to assist them with their promotional costs for television commercials, magazine advertising and attending a trade show.

A large number of tourist establishment owners are planning expansions in the next two years and the funds available from this five-year Sub Agreement will be very helpful in the finalization of these proposed developments. The emphasis being placed on tourist promotion by all three government levels will pay big dividends in the years ahead throughout the Capital Region.

ATLANTIC PROVINCES OPPORTUNITIES AGENCY

During 1986 the federal government announced that an Atlantic Canada Opportunities Agency would be created to co-ordinate various federal programs in the Atlantic area. Mr. Donald Savoie, Executive Director of the Canadian Institute for Research on Regional Government in Moncton, was appointed by the Prime Minister to

consult with groups in the Atlantic Region. Many briefs were prepared and presentations made to Mr. Savoie. He completed his report in January, 1987 and made recommendations for a proposed structure and terms of reference for the Agency. It is hoped that the Chairman or President of this new organization will be named by May of 1987.

SUB AGREEMENT ON INDUSTRIAL INNOVATION AND TECHNOLOGY DEVELOPMENT

This Canada/New Brunswick Sub Agreement was signed in May, 1986. The appointed governmental Co-ordinating and Management Committees are now operational and applications are being considered under this $28,600,000 five-year program. It is expected that many existing companies will be taking advantage of this Sub Agreement to develop and manufacture innovative new products for potential markets in the Atlantic provinces and throughout the world.

One of the projects presently awaiting approval under this Sub Agreement is a joint application from the University of New Brunswick and the New Brunswick Research and Productivity Council to establish a Technology Mall complex on the U.N.B. Campus. The University of Moncton was also invited to submit an application to the Science and Technology Secretariat of

the Department of Commerce and Technology. It is expected that a decision on the location of the proposed mall will be announced by the province in the late spring.

Last year President Lloyd Watling and I visited a number of regional businesses requesting funds towards the possible hiring of a Technology Co-ordinator for the Capital Region. Although about $7,300 was donated to this project, it has been delayed because of the new Technology Sub Agreement and the subsequent application in March of 1987 for the proposed technology mall at U.N.B. The Executive Committee of the Commission hopes to be able to deal with this matter within the next few months.

TECHNOLOGY GROWTH IN THE CAPITAL REGION

The central focus of technology in New Brunswick is in the Capital Region. Most of the research and technical facilities are situated in or near the City of Fredericton. This trend is becoming evident to most people involved in development related to the technological sector.

During 1986 the provincial government finalized the accommodation and staffing of the Science and Technology Secretariat. It is the planning and scientific section

of the Department of Commerce and Technology. The Secretariat is charged with the promotion of proposed technological projects in the province as well as the review of industrial requests for technical or financial assistance under the new Sub Agreement.

Over many years the University of New Brunswick has earned recognition in Canada and around the world for chemistry, physics, geology, computer science, mechanical, civil, surveying, and electrical engineering. Other affiliated technical agencies are the Bio-Engineering Institute, the CADMI Microelectronics Centre and the Fire Science Centre.

Recently new Chairs have been established in Nuclear Engineering, Construction Engineering, Power Engineering, and this year the D. C. Campbell Chair in Highway Construction and Pavement Research.

Four years ago the University, in co-operation with the provincial Department of Commerce and Technology, the Research and Productivity Council and the McDonnell Douglas Corporation, established a Manufacturing Technology Centre. At that time, it was the very first CAD/CAM system to be developed in Canada.

The New Brunswick Research and Productivity Council located in Fredericton is celebrating its 25th year of service in 1987. With its staff of about 130 in the fields of engineering, science and technology, the R.P.C. has assisted government departments and industrial firms in engineering design, product development, food technology, forestry and many other types of research with the sole purpose of improving expertise and knowledge in these business sectors.

The Hugh John Flemming Forestry Complex, presently being constructed in this region at a cost of $79,000,000 is being funded by the federal government, along with the provincial governments of New Brunswick, Nova Scotia, and Prince Edward Island. It is to be completed by the end of 1987 and will be the most modern of its type in the world. The Forest Ranger School facilities are now in operation. Later this year the provincial Department of Natural Resources, the Canadian Forestry Service and the Forestry Department of U.N.B. will all be located in the complex. Several forestry-related agencies and associations have already relocated their offices to the central core building. Future co-ordination of research and development work in the forestry sector will be of tremendous value to the Maritime Provinces and the rest of Canada.

The Capital Region has an unusually large number of consulting firms specializing in various fields of technology. The majority of these companies, about 60 in number, are in the Fredericton area, which on a population ratio basis is a very large percentage, in comparison to other Canadian cities. Many of their technical processes and products have been marketed worldwide in countries as far away as Western Europe, Japan and Russia.

A number of manufacturing technology companies have established in the Capital Region over the past few years, including Process Technology Ltd., York Street Software, Universal Systems Ltd., Mynic Inc., BioComp Instruments Inc., etc.

The mining sector is also an important component within the Capital Region. The R.P.C. has done considerable research into this major primary industry. At Minto, coal mining could contribute much more to the provincial economy if the tests being conducted by N.B. Power with oil shales prove to be successful. The Durham Resources Antimony Mine at Lake George near Harvey re-opened last year with almost 100 employees and is considering a new smelter operation.

Agriculture is a most important industry in a province such as ours. The Federal and Provincial Departments work closely together at the New Brunswick Experimental Station located on the Lincoln Road. It does research and development work for the potato industry and other crops, as well as on cattle, sheep, and hog production.

The Capital Region is the Technology Growth Centre of New Brunswick. As emphasized above, all the requirements are in place - the Science and Technology Secretariat; the expertise at the U.N.B. and R.P.C.; the new Forestry Complex; the Agriculture Research Station; the many experienced technical and industrial consulting companies and the growing number of companies in the technology field.

All of these, along with many other agencies in the region such as the municipalities, the Chambers of Commerce, etc., are working to make the Region a better place for technology growth in the years ahead.

BUSINESS ACHIEVEMENT AWARDS

Two regional companies were honored with the Commission's Business Achievement Awards at our annual meeting last September. They were L & A Machine Works Ltd. of Lincoln, and Minto Machine and Welding Ltd. of

Minto. Both companies have expanded steadily over the past twenty years and are good examples of private sector innovative development.

The annual meeting night was really "Minto night." Obviously, Leonard Gaddess of Minto Machine and Welding was from Minto. It turned out that Laurie Legere of L & A Machine Works was also a native of Minto. Unknown to us, our keynote speaker, Lino Celeste, the President of N.B. Tel, also hailed from the Village of Minto. Over 200 persons attended the dinner and nearly 40 of them are or were residents of the Village.

COMMISSION FINANCES

The Commission is in a healthy financial position at the end of the 1986-87 fiscal year. With an operational budget figure of $170,030, there was a surplus of $78. In addition, with interest, dividends and other miscellaneous revenues, we had a further surplus of $2,177, as shown in the audited financial statements.

The Land Development Fund was established several years ago in conjunction with the regional industrial parks. Monies received as the Commission's share of lots sold in the Vanier and Oromocto East Parks are placed in this fund. Expenditures related to approved infrastructure

costs in the parks are charged to the account. For example, in 1986 the Board approved the Commission's share of additional land required for the Oromocto East Park and for the cost of a new sign for the Industrial Park in Nackawic.

The 1987-88 proposed budget has been approved by the 11 member municipalities. Although the new budget was increased to $187,934, there was no increase in the warrants to the municipalities for the second year in a row. The staff members of the Department of Commerce and Technology have been co-operative and reasonable in our recent budget negotiations.

DEPARTMENT OF COMMERCE AND TECHNOLOGY

The Department has decided to undertake a review of the operations of the Economic Development Commissions during 1988. Funds have been approved under the Canada/New Brunswick Sub Agreement on Industrial Development. The last full study was done in 1978. Since that time all Commissions have completed Strategy Studies in their particular regions. The Department advertised in March to obtain proposals from consulting firms to do this work. It is hoped that the project will be completed by the fall of the year.

The Department is preparing a Handbook for members of the Boards of Directors of Commissions. This document should be available in the late spring and will be very useful, especially to newly-appointed Directors.

The Department and our New Brunswick Industrial Commissioners' Association are working to achieve closer co-ordination in our work to promote economic development throughout the province. For example, the Department sponsored a special, two-day seminar for Commission staffs on two topics - Technology Transfer and Communication with the Media. This seminar was excellent and plans are being made to have one each year during February or March.

The Department is reviewing its various programs to promote economic development. It is planned to broaden the Small Industry Financial Assistance Program to include more companies in the service sector. Improvements will also be made to the Venture Capital Program, which has not been too successful in the past few years.

Computer systems were placed in the offices of each Commission in March of this year. Funds were provided for this project from the Sub Agreement on Industrial

Development. The Department has arranged for special technicians to install the equipment and train our staffs over the next few months. All computers will eventually be tied in with the Department's industrial data base. This project should produce beneficial results for all Commissions in the promotion of economic development in future years.

ECONOMIC CLIMATE

The economy during the past fiscal year was reasonably stable in Canada and generally good for economic growth. The interest rates fell to their lowest point in 14 years at under 9%. The inflation rate held close to the 4% level and is not expected to increase much more in 1987. Although the unemployment rate is dropping slightly, it is still too high in many parts of Canada. New job creation programs are expected to be announced in New Brunswick this spring.

As noted previously in this report, our office had an increase in the number of persons considering starting up new businesses or expanding existing operations. Many of these people are delaying final decisions until the federal government announces its proposed tax reform package later this spring.

Building construction in the Region during the past year was impressive with the City of Fredericton breaking the previous record by a considerable margin. For example, the 1986 value of permits issued was $72,800,000, about 56% more than the 1985 figure. This was boosted last year by the continuing construction of the Maritime Forestry Complex, the New R.C.M.P. Headquarters Building, and the renovations to Marysville Place.

Several of the smaller municipalities in the Region have experienced considerable growth in the retail and commercial sectors of their economies. These include Gagetown, Harvey, Millville, Minto, and Stanley.

One of the many strengths of the Capital Region is the number of craftspersons in the counties of Queens, Sunbury and York. We are fortunate in having one of the few Craft Schools in Canada, and it has been the major catalyst in this sector for many years. More and more individuals are deciding to move from a cottage-type operation to a craft industry. At this time there are nearly 250 members of the N.B. Crafts Council and a large number of these work in this area. The C.R.D.C. is now advertising the Capital Region as the "Craft Capital of Canada", and we challenge any other location in our country to refute this claim.

Several major projects are in the planning stages and should be started in 1987. These include a 65,000 square foot addition to the Sobey's Distribution Centre in Oromocto, a large veneer plant in McAdam, two major expansions at U.N.B. and several other large buildings in Fredericton. The Downtown Development (Fredericton) Inc. (DDFI) presented a plan to City Council in January for six possible development projects in downtown Fredericton. One or more of these may be started this year. A study for the development of the Saint John River was completed last year. A new dock will be constructed for the Pioneer Princess III and other craft prior to the coming tourist season.

Two major companies in the region had some serious financial difficulties during the past year. Process Technology Ltd. of Oromocto had a severe cash flow problem last fall mainly due to a world-wide recession in the semi-conductor industry. With some government financial assistance, the company was able to continue its operations and sales volume was increasing this spring. With the price of pulp and paper products reaching very low levels a couple of years ago, the St. Anne Nackawic mill had a difficult time with its cash flow. There were even discussions about a possible sale of the plant to Japanese interests. However, the market

prices improved considerably in 1986. The plant is once again in a sound financial position with no serious reduction in personnel and no imminent sale to foreign interests.

CONCLUSION

As stated previously, the goals and objectives of our five-year Economic Strategy plan have been exceeded over the first three years. From all indications, this trend should continue in the 1987-88 fiscal year.

There are several comments on staff projects and changes I would like to make. Linda Furlought was honoured by being elected to the National Board of Directors of the Industrial Developers Association of Canada. She was the first women to be able to serve on this important Board. In the fiscal year 1987/88, she should be awarded the designation of EcD. by the University Senate of the University of Waterloo. Several years of courses, seminars, and practical experience in economic development are required to obtain this professional status.

One of Linda's major achievements this past winter was to host the cable 10 TV program called "Capital Region Entrepreneurs." Over a period of several weeks she

interviewed 16 successful business persons in our Region. Each interview was about 15 minutes long. This was a popular TV program and many favourable comments were received from citizens in the area. It also provided residents with information about many of our industries which was not generally known.

The office completed a revised business directory in the summer of 1986. It has data on over 2,100 businesses in the Capital Region and over 150 copies have been sold since it was published.

After 3 1/2 years as Secretary in the Commission office, Wilma Sproull decided to go to into business in the bookkeeping field. She left the C.R.D.C. about the end of September last year. We all wish her well in the business world.

Heather Martin was hired as the new Secretary and was able to work with Wilma for over two weeks in September. We welcome Heather to the Commission and hope that she enjoys many years with the C.R.D.C.

At its annual meeting last fall, I was elected President of the New Brunswick Industrial Commissioners' Association. This position requires some extra work as

the Association is involved with several projects throughout the year. My term will end in October.

I want to thank members of the media, municipal officials, staffs of the federal and provincial departments and the various civic and business agencies who provide such excellent support to the Commission throughout the year. In particular, I would like to thank Claire LePage, Manager of Development Commissions, and Paul DeLong, our Liaison Officer, both from the Department of Commerce and Technology. Their assistance and co-operation at all times has been very important to the day-to-day operations of our Commission.

On a personal note, I want to thank Linda, Wilma, and Heather for their excellent work throughout the year and for their cheerful attitudes at all times.

The Board of Directors and the Executive Committee have always been most helpful, and I am grateful for their confidence and support.

The Capital Region lost a great citizen last October when President Lloyd Watling passed away. He had been an inspiration to all of us over the years. As Mayor of Oromocto, he was involved in the initial organization of

the Capital Region Development Commission in 1975. Since that time, he had been a strong supporter of the regional concept of economic development. Having been on the Executive Committee for several years, he was elected President in 1985. During his 1 1/2 years as President, he initiated many ideas and projects which were of great benefit to the work of our Commission. He will be sorely missed by all of us.

As President Murray Doherty has stated in his report, this annual report is dedicated to the memory of Lloyd A. Watling.

Stanley R. Price
General Manager

April, 1987

CAPITAL REGION DEVELOPMENT COMMISSION INC.

Financial Statements

March 31, 1987

CONTENTS

	Page
Auditors' Report	1
Balance Sheet	2
Statement of Equity	3
Statement of Income	4
Notes to Financial Statements	5
Comparison of Income and Expenses to Budget	6

ROBERTSON DAYE
CERTIFIED GENERAL ACCOUNTANTS
115 Prospect Street, Fredericton, N.B. E3B 2T7

AUDITORS' REPORT

To the Chairman and Members of the Board
Capital Region Development Commission Inc.

We have examined the balance sheet of CAPITAL REGION DEVELOPMENT COMMISSION INC. as at March 31, 1987, and the statement of income and the statement of equity for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Commission as at March 31, 1987, and the results of its operations for the year then ended in accordance with an appropriate basis of accounting for non-profit organizations (see note 1 to the financial statements) applied consistently with the preceding year.

Robertson Daye

CERTIFIED GENERAL ACCOUNTANTS

Fredericton, New Brunswick
April 8, 1987

Nationally
EVANCIC PERRAULT ROBERTSON
Offices Across Canada

CAPITAL REGION DEVELOPMENT COMMISSION INC.

Balance Sheet

March 31, 1987

	1987	1986
ASSETS		
CURRENT		
Cash	$ 2,255	$ 212
Accounts receivable	-	486
	2,255	698
OTHER		
Cash and investments - Land Development Fund	38,000	40,553
Cash - Technology Coordinator Fund	7,517	-
	$ 47,772	$ 41,251
LIABILITIES		
CURRENT		
Accounts payable and accruals	$ -	$ 600
EQUITY		
LAND DEVELOPMENT FUND	38,000	40,553
TECHNOLOGY COORDINATOR FUND	7,517	-
SURPLUS	2,255	98
	47,772	40,651
	$ 47,772	$ 41,251

APPROVED BY THE COMMISSION

_____ Director

_____ Director

The accompanying notes are an integral part of these financial statements.

CAPITAL REGION DEVELOPMENT COMMISSION INC.

Statement of Equity

Year ended March 31, 1987

	1987	1986
OPERATING SURPLUS		
Balance - Beginning of year	$ 98	$ 1,590
Surplus for the year	2,255	98
	2,353	1,688
Contributors' contribution	(98)	(1,590)
Balance - End of year	$ 2,255	$ 98
LAND DEVELOPMENT FUND		
Balance - Beginning of year	$ 40,553	$ 35,046
Interest earned	31	592
Dividends earned	2,305	4,915
Capital expenditures	(4,889)	-
Balance - End of year	$ 38,000	$ 40,553
TECHNOLOGY COORDINATOR FUND		
Balance - Beginning of year	$ -	$ -
Contributions	7,325	-
Interest earned	192	-
Balance - End of year	$ 7,517	$ -

The accompanying notes are an integral part of these financial statements.

CAPITAL REGION DEVELOPMENT COMMISSION INC.

Statement of Income

Year ended March 31, 1987

	1987	1986
INCOME		
Grants	$ 170,030	$ 146,315
Administration fee	711	615
Interest	1,466	793
	172,207	147,723
EXPENSES		
Salaries and employee benefits	98,805	95,652
Consulting and special fees	1,926	765
Office	30,611	24,971
Travel	13,767	8,711
Promotion and advertising	23,300	14,554
Other	1,543	2,972
	169,952	147,625
SURPLUS FOR THE YEAR	$ 2,255	$ 98

The accompanying notes are an integral part of these financial statements.

CAPITAL REGION DEVELOPMENT COMMISSION INC.

Notes to Financial Statements

March 31, 1987

1. SIGNIFICANT ACCOUNTING POLICIES

   a) The Commission has adopted the policy of charging the purchase of office furniture and equipment to expenses in the year paid. Purchases during the current year were $7,310 (1986, $3,220).

   b) In all other respects, the financial statements are in accordance with generally accepted accounting principles.

2. COMMITMENT

   The Commission occupies office premises under a lease agreement expiring in 1989. The lease requires minimum annual rental payments of $10,365 for the twelve months ending May 31, 1987, $ 10,780 to May 31, 1988 and $11,212 to May 31, 1989.

3. Under the terms of the agreement with the Department of Commerce & Technology, the Commission must repay a portion of the current year's operating surplus. For the year ended March 31, 1987, this amount is $58.27.

CAPITAL REGION DEVELOPMENT COMMISSION INC.

Comparison of Income and Expenses to Budget

Year ended March 31, 1987

	Actual	Budget	Surplus (Deficit)
INCOME			
Province of New Brunswick	$ 127,019	$ 127,019	$ -
Fredericton	29,541	29,541	-
Oromocto	6,125	6,125	-
Minto	2,297	2,297	-
McAdam	1,257	1,257	-
Chipman	1,234	1,234	-
Nackawic	916	916	-
Fredericton Junction	481	481	-
Gagetown	417	417	-
Stanley	292	292	-
Harvey	240	240	-
Millville	211	211	-
	170,030	170,030	-
OTHER INCOME	2,177	-	2,177
	172,207	170,030	2,177
EXPENSES			
Salaries and employee benefits			
Salaries and benefits	98,294	98,256	(38)
Casual wages	511	1,500	989
	98,805	99,756	951
CONSULTING AND SPECIAL FEES	1,926	2,000	74
OFFICE			
Rent	10,366	10,884	518
Hydro	1,090	1,000	(90)
Office maintenance	1,323	1,600	277
Telephone	4,653	4,500	(153)
Stationery and supplies	5,480	5,500	20
Office equipment and expenses	7,310	2,855	(4,455)
Computer software	389	1,000	611
	30,611	27,339	(3,272)
TRAVEL			
Car allowance and mileage	8,653	8,890	237
Business trips	5,114	4,800	(314)
	13,767	13,690	(77)
PROMOTION AND ADVERTISING	23,300	25,445	2,145
OTHER			
Bank charges	384	500	116
Legal and audit	960	800	(160)
Miscellaneous	199	500	301
	1,543	1,800	257
	169,952	170,030	78
EXCESS OF RECEIPTS OVER DISBURSEMENTS	$ 2,255	$ -	$ 2,255